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Miami's 'Hidden' Bank Accounts

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Miami

Four federally chartered banks here have hundreds of Swiss-style numbered accounts with individual balances ranging to $1 million or more.

The little-known practice of maintaining the no-name accounts dates back to 1959, when the U.S. government sought to help wealthy Cubans conceal their assets from the new Castro regime.

Now the confidential accounts are coming under scrutiny by the Justice Department and congressional investigators. Government sources say some of the funds may be linked to organized crime figures and Latin American and U.S. politicians.

The Internal Revenue Service is also taking a new interest in the potential for tax evasion. After first refusing to join the case, IRS officials say they are willing to evaluate any data obtained by government lawyers.

Assistant U.S. Attorney Charles Intriago, heading an investigation of official corruption in Florida, recently won a court order that could crack the secrecy of the approximately 500 numbered accounts.

So far as can be determined, the practice of offering numbered accounts to wealthy clients is limited to the Miami area.

But Robert Serino, enforcement chief for the U.S. comptroller of the currency in Washington, said other banks across the country could legally start numbered accounts without specific permission from the government.

The controversial policy has been under study by the staff of a House government operations subcommittee headed by Representative Benjamin Rosenthal (Dem-N.Y.), and sources said the panel will conduct hearings on the issue.

The banks involved — some of Miami's largest and most prestigious — have argued in court papers that they carefully screen depositors and have no knowledge of organized crime participation.

The banks are Southeast First National Bank of Miami, Flagship First National Bank of Miami Beach, City National Bank and Southeast First National Bank, both of Coral Gables.

Unlike the situation in Switzerland, where numbered accounts are beyond the reach of U.S. government subpoenas, the no-name American accounts can be subpoenaed.

But bankers acknowledged they did not always search their numbered files when government lawyers sought the accounts of a specific suspect.

Nor have some banks always notified the IRS of interest income earned by persons holding numbered accounts that are subject to taxation, Intriago told the court.

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